

# EXHIBIT BJ

**EXPERT REPORT OF**

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The auditors also set out practical guidelines to improve accounting performance. The guidelines advocated for a centralized accounting system that would save costs, time, and journal entries between the offices. As discussed below, WAMY promptly acted to set up protocols to adopt the measures recommended by the auditors, including, without limitation, the installation of a unified accounting system in all eastern provinces, the hiring of accountants in all offices, and staff training. In 1997, WAMY improved its IT functionality around accounting, and in 1999 they continued these accounting control improvements with more technology, hiring, and training. From an accounting standpoint, these proactive actions are further examples of an organization improving transparency and reporting.

The issues highlighted in the audits of the Saudi Eastern Province and WAMY Pakistan were exceptions to the other audit opinions found among its global and regional affiliate offices, which found the financial statements to be true and fair. The audit reports reviewed with exceptions represent 1.75% of the total global, and regional affiliated offices audits reviewed.<sup>42</sup>

### *3. Other Saudi Regional Offices*

The following are two instances of accounting exceptions noted in the financial statements:

- a. The 1994 audit of the Dammam office found that the fixed assets had been incorrectly included as expenses.<sup>43</sup>
- b. The Riyadh office 1999 audit report found an issue with the accounting of fixed assets.<sup>44</sup>

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<sup>42</sup> Bangladesh - WAMYSA066752 - WAMYSA066802, Baku - WAMYSA066717 - WAMYSA066751, Indonesia - WAMYSA066972 - WAMYSA067030, Somalia - WAMYSA067482 - WAMYSA067515, Sri Lanka - WAMYSA067542 - WAMYSA067657, Australia and South Pacific - WAMYSA066224-WAMYSA066240, South Africa- WAMYSA066424-WAMYSA066441, Pakistan - BUR-PEC-077860

<sup>43</sup> WAMYSA1070344-599 (pg. 157-163)

<sup>44</sup> WAMYSA1080588- 745

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Neither of these issues would be indicative of an attempt to hide illicit activity. The financial audit observations describe the human errors that are common even in the most sophisticated companies in the U.S. In a study of account errors common in non-profit organizations, *Accounting Errors in Non-profit Organizations. Accounting Horizons*, presented by Jeffrey Burks, the Thomas and Therese Grojean Family Associate Professor of Accountancy and the Deloitte Faculty Fellow a professor at Notre Dame, the presenters state, “[p]ublic charities report errors at a rate that is 60 percent higher than that of publicly traded corporations, and almost twice as high as that of similar-sized corporations. The errors are commonly errors of omission (i.e., failing to recognize items).” The errors in WAMY’s accounting/bookkeeping records are common among charities, and WAMY’s auditors advised and worked with WAMY to adjust the financial statements for the aforementioned issues. My observations of the actions taken by WAMY to improve its problems is an act of control.

Increased accounting controls began as early as 1997 when the WAMY Secretary General declared that WAMY would be centralizing its IT systems.<sup>45</sup> Over the course of centralizing recordkeeping, WAMY gradually became aware of issues in their internal controls and made a conscientious effort to improve any control issues. The following actions were taken:

- a. A new accounting and financial policy was introduced and implemented with immediate effect on January 1<sup>st</sup>, 2000.<sup>46</sup> This set out guidance on how to recognize revenue, how to treat expenditures, and how funds are to be prioritized and allocated between projects. The accounting department in the main office was tasked with increased responsibility, and their role was extended to the following:

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<sup>45</sup> WAMYSA082521

<sup>46</sup> WAMYSA1070344-70599

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- i. Follow up the application of the accounting system in all offices with supervision and review of financial restrictions in each office,
  - ii. Prepare the final annual accounts of the symposium in the eastern region, and
  - iii. Support the planning of budgets of new offices
- b. Internal correspondence from the WAMY head office was identified, which reprimanded managers for any employees not following employment procedures.<sup>47</sup>
- c. Minutes from a meeting held with the accountants from the Saudi regional offices on June 18, 2000, provide evidence of changing accounting protocols in the eastern provinces to rectify the issues. This included the installation of a unified accounting system in all eastern provinces, the hiring of accountants in all offices, and staff training.<sup>48</sup>

I have noted that WAMY updated and centralized its accounting systems in the late 1990s and early 2000s, which is supported by internal correspondence.<sup>49</sup> Moreover, WAMY requires international offices to report on the allocation of installments of funding, following proof of activities on a bi-annually or quarterly basis.<sup>50</sup> These proactive efforts to enhance WAMY's internal controls and financial operations demonstrate the organization's efforts to enhance its control environment.

## **B. WAMY CANADA**

I reviewed documents that highlighted the issues experienced by the Canadian office during the implementation of the new control and budgetary process: Mohammed Khatib

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<sup>47</sup> WAMYSA528986-WAMYSA529175 pg 21

<sup>48</sup> WAMYSA1070344- 70599

<sup>49</sup> WAMYSA082521 & WAMYSA082520

<sup>50</sup> WAMY SA 2179- 2180 & WAMY SA 2100- 2102

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Accordingly, WAMY cannot be condemned based upon broad, general, and even biased assumptions about Muslim and Saudi-based charitable organizations. My experience as a financial forensics expert, auditor, fraud examiner, and accountant teaches me to stick to the facts presented in primary sources and documents. The materials I reviewed in this matter show that WAMY operated as a standard, large, and global charity.

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My opinions expressed herein are presented to a reasonable degree of professional certainty. The procedures performed were limited to those described herein based on the documents provided to date and other information obtained. Information obtained subsequent to the date of this Report may affect my analyses, and this effect may be material. If requested, I will update my analyses.

My procedures were performed solely in respect of the above-referenced matter. Any opinions included herein are dependent on the specific facts and circumstances in the present dispute and cannot be applied to other situations or disputes. This Report is not to be reproduced, distributed, disclosed, or used for any other purpose.

Respectfully submitted,



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